



# GSL - Online

The Official Newsletter of the Montana Guaranteed Student Loan Program  
A Division of the Office of the Commissioner of Higher Education

(800) 537-7508  
www.mgslp.org

April 2008 Edition

## In This Issue

- Director's Den with Bruce Marks . . . . 1
- Focus On: Affiliated Lenders . . . . 1
- MASFAA Roundup . . . . 2
- Focus On: Lender of Last Resort . . . . 2
- Focus On: Financial Aid . . . . 3
- Housekeeping . . . . 3

## Director's Den with Bruce Marks

First, it was great seeing many of you at our recent Montana Association of Financial Aid Administrators annual meeting. Having participated in other states' annual meetings, I can personally attest that Montana's level of professionalism and camaraderie are second to none. We are truly fortunate to work here in Montana!

If possible, the world of student loans has become even more complicated since our MASFAA meeting. Congress and the US Department of Education are exploring options to ensure an uninterrupted supply of student loans will be available for students. Our lending partners here in Montana have assured us that there will be ample funds for the upcoming academic year, but that is certainly not the case across the country. While the student loan issues are serious, I'm confident that GSL and our lending partners will be here to help you and your students.

## Focus On: Affiliated Lenders

There have been some questions about the definition of Affiliated Lenders, and how they should be handled on school lender lists. For purposes of a lender list, a lender is affiliated with another lender if any of these three conditions apply:

1. The lenders are under the ownership or control of the same entity or individuals or
2. The lenders are wholly or partly owned subsidiaries of the same parent company or
3. The directors, trustees or general partners of one of the lenders constitute a majority of the persons holding similar positions with another lender.

The Federal Register, published November 1, 2007 states that a school may make a list of recommended lenders if the list "does not contain fewer than three [lenders] that are not affiliated with each other." The original thought was that a school's list could contain three unaffiliated lenders as well as other lenders which were affiliated and still meet the requirements of the regulations.

This however, is not the case according to a recent interpretation of this regulation by the Department of Education (ED). ED has specified that a lender list may not contain two affiliated lenders on the same list and that the "three" lenders refers only to the minimum number of lenders that must appear on a lender list. That means a school would need to chose one of those lenders to include on their lender list but could not place the other lender, if affiliated, on their school's lender list.

The question has been posed, "What if the school did not know that lenders on their list were affiliated and the lenders are placed on the list?" ED has stated that after a school has knowledge that their lender list contains affiliated lenders they are obligated to remove those lenders and leave only one on the list.

On April 15<sup>th</sup> NASFAA petitioned the Department of Education to reconsider their current interpretation of unaffiliated lenders, yet to date ED has not responded or changed their position.

If schools have questions regarding lender list issues please contact MGSLP at 1-800-537-7508.

Questions or Comments? Contact Brian Klein, Public Relations Coordinator at (406)444-0610 or bklein@mgslp.state.mt.us

### -Remember-

The Federal Register states that a school may make a list of recommended lenders if the list "does not contain fewer than three [lenders] that are not affiliated with each other."

# MASFAA Roundup



MASFAA Conference - Tuesday April 2, 2008

“Hanging Down the Heritage” was the

theme for the 2008 Montana Association of Student Financial Aid Administrators (MASFAA) conference held on April 2 - 4 at Butte's Copper King Hotel and Convention Center. The theme was in reference to MASFAA's 40<sup>th</sup> anniversary as an organization, whose purpose is to serve the needs of students, higher education institutions, private funding sources, government agencies and financial aid professionals.

This year, MASFAA was kicked off with an official welcome by Montana Tech's Chancellor Dr. Frank Gilmore, who spoke about some of the current and future challenges to both financial aid and higher education. The 2008 MASFAA keynote was given by Joe Barnhart of The University of Montana - Western, and was entitled Self Esteem/Work & Reward.

The second day of MASFAA was reserved primarily for panel and roundtable discussion of loans and the loan industry. However, it wasn't all work as Tiernan Irish dancers and the Montana Western Polynesian Club provided entertainment for the attendees. There was also a "Bowl for Books" bowling competition for attendees, with proceeds going toward student scholarships to purchase books.

The 2008 conference was a success due in a large part to the work of the 2008 conference planning team headed by Montana Tech's Tressa Johnson, but also to the oversight of the 2008 MASFAA Executive Board, chaired by The University of Montana - Western's Ricki Jones.

Corporate support for the 2008 MASFAA conference was provided by the Montana Guaranteed Student Loan Program, Key Bank, the Student Assistance Foundation, U.S. Bank, and Wells Fargo.

## Focus On: Lender of Last Resort

Much attention has been garnered recently over the topic of Lender-of-Last-Resort (LLR). Scarcely a day goes by without talk in financial aid industry news about making sure that students have access to loans this fall.

### -Remember-

The student or parent must be an eligible borrower under the established rules of the FFEL program and would be subject to the same credit checks and/or criteria as he or she would be under normal conditions.

An LLR provision would be invoked in the event that FFEL lenders in Montana were unable to make conventional loans and would be evaluated on a borrower by borrower and school by school basis. As the federal regulations are currently written a borrower would have to be denied a loan from at least two lenders that have active participation agreements with MGSLP in order to request an LLR loan. The student or parent must be an eligible borrower under the established rules of the FFEL program and would be subject to the same credit checks and/or criteria as he or she would be under normal conditions.

The Department of Education is closely monitoring the situation and has asked all Guarantors to evaluate their LLR plans and procedures. While MGSLP is hearing positive things from our lending partners, helping assure us that funding will be available for the 2008 - 2009 academic year, we have LLR procedures in place, ready to be implemented should the need arise. In the event that Lender-of-Last-Resort provisions are invoked MGSLP will contact the affected school(s) with written instructions on the LLR process. While LLR loans may require some initial verification and documentation, the established guarantor/school application and disbursement processes will remain virtually unchanged.

We want you to know that MGSLP is working diligently with the Department of Education, elected officials and industry partners to ensure uninterrupted access to federal student loans. If there are any changes or further developments with the LLR provisions, MGSLP will keep our school partners updated and informed.



## Focus On: Financial Aid

In March of 1987, Jolene Myers began working at Dawson Community College as the Student Services Administrative Assistant, working under the Dean of Students who also happened to be the Director of Financial Aid and Admissions. When in 1997 Dawson needed to replace their Director of Financial Aid, Jolene was the perfect fit. "Because most of my duties centered in those two areas, my promotion to Director was a pretty seamless transition for DCC," recalls Jolene.



A South Dakota native and graduate of Dakota State University in Madison, South Dakota, Jolene moved to Glendive in 1977 with her husband Dean, who had accepted the woodworking and construction technology teaching position at Dawson County High School. From 1977 to 1987, Jolene worked a variety of jobs, from bookkeeping at a local bank to running a small day-care out of her home when her children were small.

For over a decade now, Jolene has provided the students of Dawson Community College with the financial access they need to attend and succeed in college. "I believe I have the best job on campus because I get to give students money to go to school," says Jolene. "The tricky part is making sure the 'right money goes to the right student', and that is where the challenge lies which keeps the job interesting," she adds with a laugh.

With a son having just received his Doctor of Optometry last spring, and a daughter currently working on a doctorate of Occupational Therapy, Jolene is no stranger to the financial challenges that face students (and their parents) seeking higher education. Because of this, Jolene wants "to become more involved, up front, in some of the administrative decisions that can affect student and institutional Title IV eligibility."

Jolene isn't all work though, and enjoys traveling even though her husband does not. "This past February, I traveled to Hawaii with one of my sisters and brother. We had a great time not only seeing the sights but getting to know one another better," recalls Jolene. Additionally, her daughter "has been engaged for a few years now and we anticipate a wedding this fall."

## Housekeeping: (upcoming events; personnel news, etc.)



Heather Sullivan

- GSL welcomes a new employee to the team. Heather Sullivan has joined GSL as the new Default Prevention Administrative Assistant.
- The Montana Financial Aid Director's Retreat will be held May 21, 2008 in Helena.
- A U.S. Department of Education training session will be held on May 22, 2008 at the University of Montana - Helena College of Technology.
- GSL will be closed on May 26, 2008 in observance of Memorial Day.
- The Montana Bankers Association annual meeting will be held in Las Vegas, Nevada at the Wynn Las Vegas Resort.
- The Rocky Mountain Association of Student Financial Aid Administrators (RMASFAA) Summer Institute will be held from June 1 - 6, 2008 in Salt Lake City, Utah.
- Award letters for the Montana University System Honor Scholarship were sent to high school counselors on April 15, 2008. Additionally, the deadline to return the Governor High School Merit Scholarship applications is May 15, 2008.